



# **Capital Markets BPO Annual Report 2016 - Managing Risk and Unlocking Efficiency through Technology**

Banking, Financial Services, and Insurance (BFSI) Outsourcing  
Annual Report – November 2016: Preview Deck

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<sup>1</sup> Banking, financial services, and insurance

# Background and scope of the research

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## Background of the research

- Capital markets BPO continues to grow at close to 15% by revenue. United Kingdom and continental Europe are witnessing high growth and are expected to continue to do so in a strict regulatory environment. The shifting value chain, the increasing role of technology and changing consumer needs and demographics are some of the factors shaping capital markets, and consequently the outsourcing relationships of capital markets players. The post-Brexit regulatory environment in Europe is likely to have a significant effect on the BPO industry and will shape outsourcing relationships going forward

## In this study, we investigate the state of capital markets BPO. We focus on:

- State of the market
- Market trends and solution characteristics across size and scope, Line of Business (LoB) adoption, regulatory reporting, technology model, and global sourcing
- Service provider landscape, which covers service providers' market share and presence across various geographies
- Future outlook, which discusses the issues likely to face capital markets in the future and possible solutions

## Scope of study and sources of information

- Third-party capital markets BPO contracts; it does not include shared services or Global In-house Centers (GICs)
- ~400 capital markets BPO contracts signed as of 2014
- Coverage across 19 capital markets BPO service providers including Avaloq, Broadridge, Capgemini, Cognizant, eClerx, EXL, Genpact, HCL, Hexaware, Infosys, Mphasis, NIIT Technologies, Syntel, TCS, Tech Mahindra, Viteos, Wipro, WNS, and Xchanging

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# Overview and abbreviated summary of key messages

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This report provides comprehensive coverage of capital markets BPO and analyzes it across various dimensions such as state of the market, buyer adoption trends, solution characteristics, service provider landscape, and future outlook

**Some of the findings in this report, among others, are:**

## State of the market, buyer adoption trends

- The capital markets industry is being strained by cost pressures, a strict regulatory environment, and the disruptive potential of technology
- The market for third-party BPO in capital markets reached US\$1.9 billion in 2015, growing at a CAGR of 18-20% over the last three years

## Solution characteristics

- Investment banking and custody and fund administration are driving growth in capital markets BPO
- Investment banking is weighed down by legacy IT infrastructure, leading to low adoption of platform BPO solutions

## Service provider landscape and future outlook

- Though a few players have a large presence in this space in general, each line of business is dominated by a different player
- Technology has lowered entry barriers, making it imperative for established players to focus on innovation to stay competitive

# This study offers four distinct chapters providing a deep dive into capital markets BPO; below are four charts to illustrate the depth of the report

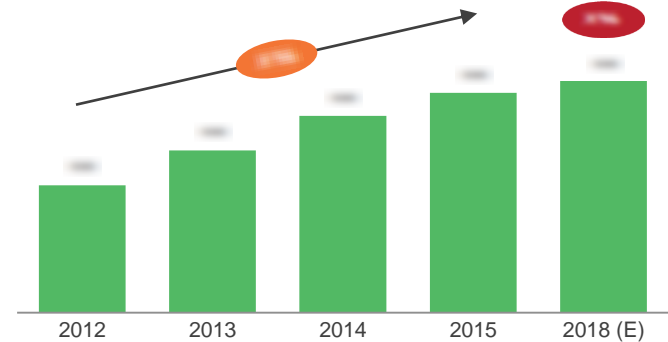
## Key capital markets trends

- 1 Shifting capital markets value chain
- 2 Declining profitability
- 3 Increasing role of technology
- 4 Changing consumer needs and demographics
- 5 Uncertainty introduced by Brexit

## Capital markets BPO market size and growth

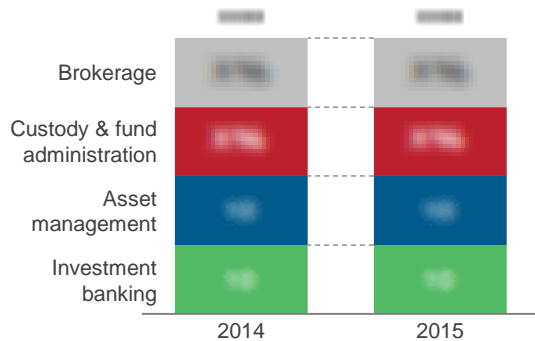
Market size of capital markets BPO  
Revenue in US\$ billion

XX% CAGR      XX% Projected CAGR



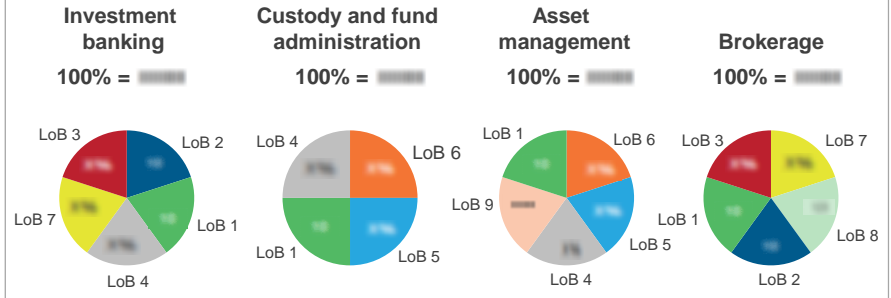
## Capital markets BPO growth by LoB

Size of capital markets BPO by LoB  
Number of FTEs in '000s



## Capital markets BPO service provider landscape

Market share in various capital markets BPO LoBs  
Number of FTEs in '000s



Decreasing number of FTEs

Source: Everest Group (2016)

# BFSI BPO research calendar for 2016

■ Published ■ Current

Topic	Release date
Risk Management – Looking Beyond the Transactions, Credit Leading the Way .....	March 2016
Banking BPO Service Provider Landscape with PEAK™ Matrix Assessment .....	June 2016
P&C Insurance BPO Service Provider Landscape with PEAK™ Matrix Assessment .....	June 2016
Capital Markets BPO Service Provider Landscape with PEAK™ Matrix Assessment .....	July 2016
L&P Insurance BPO Service Provider Landscape with PEAK™ Matrix Assessment .....	August 2016
P&C Insurance BPO Annual Report .....	September 2016
Banking BPO Annual Report 2016: Riding on the Digital wave and Advancing in Automation .....	September 2016
Capital Markets BPO Annual Report .....	November 2016
Wealth Management BPO .....	Q4 2016
L&P Insurance BPO Annual Report .....	Q4 2016
Retail Banking BPO Service Provider Landscape with PEAK™ Matrix Assessment .....	Q4 2016
Banking BPO Service Provider Profile Compendium .....	Q4 2016
Capital Markets BPO Service Provider Profile Compendium .....	Q4 2016
L&P Insurance BPO Service Provider Profile Compendium .....	Q4 2016
P&C Insurance BPO Service Provider Profile Compendium .....	Q4 2016



# Additional BFSI BPO research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

1. **Capital Markets BPO – Service Provider Landscape with PEAK Matrix™ Assessment 2016** ([EGR-2016-11-R-1829](#)); 2016. This report uses Everest Group's proprietary PEAK Matrix to assess and rate service providers on various dimensions of their capabilities. Also discusses emerging trends in the capital markets BPO space
2. **Risk Management - Looking Beyond the Transactions, Credit Leading the Way** ([EGR-2016-11-R-1632](#)); 2016. This study helps analyze the structure of various risk categories for major banks and financial institutions around the world. Against this backdrop, this study also provides an overview of the sourcing landscape for risk management functions with a key focus on third-party BPO service providers and their maturity levels across various risk categories
3. **Banking BPO Annual Report 2016: Riding on the Digital Wave and Advancing in** ([EGR-2016-11-R-1941](#)); 2016. This report assists key stakeholders (buyers, service providers, and technology providers) in understanding the changing dynamics in the banking BPO market and identifying recent trends and future outlook. In this backdrop, this report provides comprehensive coverage of the global banking BPO market including detailed analysis of market size & growth, buyer adoption trends, solution characteristics, and service provider landscape
4. **Capital Markets BPO - Service Provider Profile Compendium 2015** ([EGR-2015-11-R-1655](#)); 2015. The capital markets BPO service provider profile compendium provides accurate, comprehensive, and fact-based snapshots of 18 service providers. Each service provider profile shows a comprehensive picture of the provider's service suite, scale of operations, technology solutions & innovation, delivery footprint, and buyer satisfaction along with Everest Group's assessment of the provider. The report also provides insights into the global capital markets BPO service provider landscape

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